

Government Pension Offset

A Law That Affects Spouse's Or Widow(er)'s Benefits

If you worked for a federal, state or local government where you did not pay Social Security taxes, the pension you receive from that agency may reduce any Social Security benefits for which you are qualified.

There are two laws that may reduce your benefits. One of them affects the way your Social Security retirement or disability benefits are figured. For more information about that provision, contact Social Security for the factsheet, *A Pension From Work Not Covered By Social Security* (Publication No. 05-10045).

The second law affects Social Security benefits you receive as a spouse or widow(er). This factsheet provides answers to questions you may have about this provision.

I Receive A Government Pension. Will I Receive Any Social Security On My Spouse's Record?

Maybe not. Some or all of your Social Security spouse's or widow(er)'s benefit may be offset if you receive a pension from a job where you did not pay Social Security taxes.

How Much Is The Offset?

The offset will reduce the amount of your Social Security spouse's or widow(er)'s benefits by two-thirds of the amount of your government pension. In other words, if you get a monthly civil service pension of \$600, two-thirds of that, or \$400, must be used to offset your Social Security spouse's or widow(er)'s benefits. If you're eligible for a \$500 widow(er)'s benefit, you'll receive \$100 per month from Social Security ($\$500 - \$400 = \$100$).

If you take your annuity in a lump sum, the offset is figured as if you chose to receive regular monthly benefits.

Why Is There An Offset?

Social Security spouse's benefits provide income to wives and husbands who have little or no Social Security benefits of their own. From the beginning of the Social Security program, spouse's benefits were intended for women and men who were financially dependent on their husbands or wives who worked at jobs covered by Social Security.

Before the offset provisions were enacted, many government employees qualified for a pension from their agency and for a spouse's benefit from Social Security, even though they were not dependent on their husband or wife.

This example helps clarify why there is an offset.

Bill Smith collects a Social Security benefit of \$600 per month. His wife, Mary, is potentially eligible for a wife's benefit of up to 50 percent of Bill's, or \$300. However, Mary also worked and paid into Social Security, qualifying for her own retirement benefit of \$400. By law, Mary can only receive the higher of the two benefits she is eligible for, not both. She will not receive any wife's benefits because her \$400 retirement benefit, in effect, "offsets" her \$300 wife's benefit.

Bill's neighbor, Tom, also gets a Social Security benefit of \$600 per month. But his wife, Nancy, had a job with the federal government, instead of one where she paid Social Security taxes, and earned a civil service pension of \$800 per month. Before the

government pension offset provisions were in place, Nancy would have been eligible for both her \$800 civil service pension and a \$300 wife's benefit on Tom's Social Security record. With the offset provision, Nancy does not qualify for a wife's benefit from Social Security and is treated the same as Mary.

Who Is Exempt?

- Any state, local or military service employee whose government pension is based on a job where he or she was paying Social Security taxes on the last day of employment. (Some government entities were not initially covered by Social Security, but chose to participate in Social Security at a later date.)
- Anyone whose government pension is not based on his or her own earnings.
- Anyone who received or who was eligible to receive a government pension before December 1982 **and** who meets all the requirements for Social Security spouse's benefits in effect in January 1977. (Essentially, this provision applies to a divorced woman whose marriage must have lasted 20 years and to a husband or widower who must have received one-half of his support from his wife.
- Anyone who received or was eligible to receive a federal, state or local government pension before July 1, 1983, and was receiving one-half support from her or his spouse.
- Federal employees who are mandatorily covered under Social Security.
- Federal employees who chose to switch from the Civil Service Retirement System to the Federal Employee Retirement System (FERS) on or before December 1987. Federal employees who choose to switch to Social Security coverage after that date will need five years under FERS to be exempt from government pension offset. If, however, the Office of Personnel Management allowed an employee to make a belated

election to FERS, that change could have been made through June 30, 1988.

What About Medicare?

Even if you do not receive cash benefits on your spouse's record, you can still get Medicare at age 65.

Can I Still Get Benefits On My Own Record?

The offset applies only to Social Security benefits as a spouse or widow(er). However, your own benefits may be reduced due to another provision of the law. Contact Social Security for the factsheet, *A Pension From Work Not Covered By Social Security* (Publication No. 05-10045).

Any Questions?

You can get recorded information about Social Security coverage 24 hours a day, including weekends and holidays, by calling Social Security's toll-free number **1-800-772-1213**. You can speak to a service representative between the hours of 7 a.m. and 7 p.m. on business days. Our lines are busiest early in the week and early in the month so, if your business can wait, it's best to call at other times. Whenever you call, have your Social Security number handy.

Hearing-impaired callers using "TDD" equipment can reach Social Security between 7 a.m. and 7 p.m. on business days by calling 1-800-325-0778.

You can also reach us on the Internet. Type <http://www.ssa.gov> to access Social Security information.

The Social Security Administration treats all calls confidentially—whether they're made to our toll-free numbers or to one of our local offices. We also want to ensure that you receive accurate and courteous service. That's why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

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